

**KEPPEL OPP'N EXH. 54**

1  
2 UNITED STATES DISTRICT COURT  
3 SOUTHERN DISTRICT OF NEW YORK  
4 Case No. 18-CV-01047 (PGG)

5 -----x

6 EIG ENERGY FUND XIV, L.P.,  
7 EIG ENERGY FUND XIV-A, L.P.,  
8 EIG ENERGY FUND XIV-B, L.P.,  
9 EIG ENERGY FUND XIV (CAYMAN), L.P.,  
10 EIG ENERGY FUND XV, L.P.,  
11 EIG ENRGY FUND XV-A, 6 L.P.,  
12 EIG ENERGY FUND XV-B, L.P., AND  
13 EIG ENERGY FUND XV (CAYMAN), L.P.,

14 Plaintiffs,

15 - against -

16 KEPPEL OFFSHORE & MARINE LTD.,  
17 Defendant.

18 -----x

19 July 30, 2021  
20 8:59 a.m.

21 \*\* CONFIDENTIAL TRANSCRIPT \*\*

22 Videotaped Deposition of ROBERT  
23 BLAIR THOMAS, pursuant to Notice, held via  
24 Zoom Conference, before Jineen Pavesi, a  
25 Registered Professional Reporter,  
Registered Merit Reporter, Certified  
Realtime Reporter and Notary Public of the  
State of New York.

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2 Brazil shipyards that had a demonstrated  
3 track record of doing this, and so one of  
4 the ways that Brazil tried to provide  
5 comfort to investors was put in place this  
6 guarantee fund to help make it work.

7 Q. What exactly was being  
8 guaranteed?

9 A. I'd have to go back and look,  
10 but I believe -- I believe they were  
11 guaranteeing cost overruns, but I don't  
12 remember.

13 Q. It says here that the guarantee  
14 would protect Sete's lenders in the event  
15 of a default.

16 Did that mean that if there is  
17 a default, that the government was going  
18 to make the lenders whole?

19 A. It may, I don't recall.

20 Q. In what way did this guarantee  
21 help protect Sete's equityholders, such as  
22 EIG, against foreclosure?

23 A. I'd have to go back and look at  
24 the guarantee.

25 Q. But you were telling your

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2 investors in this white paper that there  
3 was some protection for EIG by virtue of  
4 this guarantee, weren't you?

5 A. Correct.

6 Q. In fact it says, "This implicit  
7 government safeguard against default  
8 reduces the equity risk in the investment  
9 and should enhance Sete's access to  
10 capital and low risk overall cost of  
11 financing."

12 Do you see that?

13 A. I do.

14 Q. And that was your view as of  
15 2014, when this white paper was issued,  
16 correct?

17 A. Correct.

18 Q. What did you mean by implicit  
19 government safeguard, what was implicit  
20 about it?

21 A. I don't recall specifically.

22 I am assuming the level of  
23 support the government was providing to  
24 the transaction should provide comfort to  
25 all the investors in this transaction,

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2 that this was a national priority in  
3 Brazil and the government was supportive  
4 of seeing it succeed.

5 Q. Essentially what you're saying  
6 here, you thought the government was  
7 guaranteeing that this process was going  
8 to succeed, the Sete process, right?

9 A. No, that's not what I said.  
10 I said the government was --  
11 that this was a priority and the  
12 government was incented to see it succeed.

13 Q. In the event that Sete was  
14 otherwise going to default, what did you  
15 understand the government's obligations  
16 were?

17 A. I'd have to go back and look at  
18 the contractual framework.

19 Q. At the end of the day, did this  
20 guarantee or the implicit safeguard  
21 actually end up protecting Sete's  
22 equityholders?

23 A. Not to my knowledge.

24 Q. Going back to page 5 of the  
25 white paper, the second paragraph in the

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2 first column begins "in the past three  
3 years," do you see that?

4 (Witness perusing document.)

5 A. I do.

6 Q. It says, "In the past three  
7 years, however, this optimism has given  
8 way to disappointment and skepticism among  
9 investors, businesses and ordinary  
10 citizens."

11 Do you see that?

12 A. I do.

13 Q. What does that mean?

14 A. I believe it means that the  
15 business environment in Brazil, some of  
16 the euphoria from a few years earlier had  
17 kind of worn off, the market was down.

18 If you look at some of the  
19 charts that we show there, you know, ^  
20 GDP and Petrobras share price had both  
21 softened and so just general worsening of  
22 the macroeconomic environment.

23 Q. Going back three years from the  
24 time of this white paper, that would be  
25 2011, and that's when EIG approved the

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2       investments in Sete, correct?

3           A.           That's correct.

4           Q.           And between that time and now  
5       2014, the investment environment in Brazil  
6       has declined, correct?

7           A.           Correct.

8           Q.           And there is disappointment and  
9       skepticism among investors that was not  
10      present in 2011, correct?

11          A.           Well, there is always  
12      disappointment and skepticism, but I think  
13      it had increased in that period of time.

14          Q.           Also there is a reference here  
15      to reduced commodity demand and retreat of  
16      global capital; what did that mean?

17                      (Witness perusing document.)

18          A.           The overall oil and gas  
19      industry experienced significant  
20      volatility in 2014 and so the sentiment  
21      about the entire industry was down.

22          Q.           Oil prices had declined between  
23      2011 and 2014, correct?

24          A.           Yeah, they declined in the  
25      second half of 2014.

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2 Q. By approximately how much had  
3 they declined?

4 A. I think if -- I don't recall  
5 what they were in 2011, but I know in  
6 2014, in the fall of 2014 they dropped  
7 precipitously in connection with events  
8 related to OPEC and so I don't recall  
9 exactly what the peak to trough was.

10 Q. They declined to below the  
11 breakeven level for Sete, correct?

12 A. They may have, I am not  
13 certain.

14 Again, that's a point in time.

15 Q. And retreat of global capital  
16 refers to retreat of global capital from  
17 Brazil, correct?

18 A. I believe so, I think it was  
19 happening generally across emerging  
20 markets and the BRIC countries in  
21 particular.

22 Some of the enthusiasm related  
23 to the leading emerging markets had come  
24 out of the market.

25 Q. Just so we're clear on the

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2 record, what are the BRIC countries?

3 A. It is a phrase that was coined  
4 by an analyst at Goldman, Sachs, I think  
5 BRIC is Brazil, Russia, India, China.

6 Q. What was the significance of  
7 that acronym BRIC?

8 A. They were the leading emerging  
9 markets.

10 Q. If we look over on the second  
11 column of page 5, it says, "Key Brazilian  
12 corporations also experienced weakness,  
13 the energy giant Petrobras has seen its  
14 share fall by 85 percent."

15 Do you see that?

16 A. Yes.

17 Q. That was alarming?

18 A. I wouldn't call it alarming, it  
19 was factual.

20 Q. But as you said, Petrobras was  
21 really the force behind Sete, correct?

22 A. Correct, still investment  
23 grade.

24 I wasn't worried that Petrobras  
25 was going out of business and I'm not

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2 MR. GOLDMAN: Is now a good  
3 time to take a short break?

4 MR. BARBUR: Sure, that's fine,  
5 you want to take like ten minutes or  
6 something?

7 MR. GOLDMAN: Sure.

8 THE VIDEO TECHNICIAN: Time is  
9 10:22 a.m., going off the record.

10 (Recess taken.)

11 THE VIDEO TECHNICIAN: Time is  
12 10:32 a.m., we're back on the record.

13 BY MR. BARBUR:

14 Q. As a general matter,  
15 Mr. Thomas, did you monitor developments  
16 in Brazil during this time period, in the  
17 2000s, when you were making investments  
18 there?

19 A. Yes, I monitored Brazil among  
20 other places, yes.

21 MR. BARBUR: Let's mark as the  
22 next exhibit an article relating to  
23 Camargo Correa, that's up now as Exhibit  
24 105.

25 (Defendant's Exhibit 105,

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2 article relating to Camargo Correa, was  
3 marked for identification, as of this  
4 date.)

5 A. I have it.

6 Q. Have you ever seen this before?

7 A. I don't recall it.

8 Q. Does this refresh your  
9 recollection at all about a corruption and  
10 scandal involving Camargo Correa in 2009?

11 A. It doesn't.

12 Again, I was generally aware  
13 that there had been issues involving I  
14 think each of the big construction firms  
15 in Brazil, but I don't recall any of the  
16 specifics.

17 Q. Do you recall that the first  
18 shipyard to receive a contract to build a  
19 drillship for Sete was EAS?

20 A. Yes.

21 Q. And they in fact had a contract  
22 with Sete prior to the time the EU  
23 approved the investments at EIG, correct?

24 A. That is correct.

25 Q. Were you aware that Camargo

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2       Correa owned almost 50 percent of EAS at  
3       that time?

4                   MR. GOLDMAN:   Object to form.  
5                   You may answer.

6       A.           I don't recall it, but I'm sure  
7       I was aware of that.

8       Q.           Are you aware that EIG's deal  
9       team discovered these corruption charges  
10      against the part owner of EAS during its  
11      due diligence concerning Sete?

12                  MR. GOLDMAN:   Object to form.  
13                  You may answer.

14      A.           I don't have any recollection  
15      of that.

16      Q.           Do you recall ever being told  
17      about that?

18      A.           I don't.

19      Q.           Had you known about these  
20      corruption charges relating to this  
21      shipyard, would that at all have affected  
22      your decision to proceed with the  
23      investment in Sete?

24                  MR. GOLDMAN:   Object to form.

25      A.           Was this a corruption against

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2 the shipyard?

3 Q. It was a corruption scandal  
4 involving a 50 percent owner of a  
5 shipyard.

6 MR. GOLDMAN: I object to form,  
7 I think it was 45 percent, but I am not  
8 going to quibble with you on the facts.

9 Q. Whether it is 45 or 50 percent,  
10 the understanding is that Camargo Correa  
11 owned a substantial portion of EAS, which  
12 was the shipyard that got the first  
13 contract.

14 A. But just to be precise, if the  
15 question is did I know that Brazilian  
16 construction firms had a checkered history  
17 on corruption, the answer is yes.

18 I don't believe, and, again,  
19 I've never seen this article, but your  
20 question I think is incorrect, though,  
21 it's not that this is regarding corruption  
22 charges at the shipyard, it's corruption  
23 charges involving other activity of this  
24 construction firm.

25 Q. Did you visit Brazil in

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2       connection with the EIG investments in  
3       Brazil?

4           A.           I did.

5           Q.           Approximately how many times?

6           A.           I would go down between four  
7       and six times a year.

8           Q.           And why would you go to Brazil  
9       for these visits?

10          A.           I go to all of our offices  
11       around the world, I try to go at least  
12       four and up to six or eight times per year  
13       in the regular course and I do that to  
14       this day.

15                       So every place where we have a  
16       physical presence I visit frequently.

17          Q.           So other than visiting the EIG  
18       office in Brazil, what other kinds of  
19       visits did you make in Brazil?

20          A.           So the local team would  
21       organize a schedule for me of how I could  
22       be helpful.

23                       So oftentimes they would use a  
24       visit from me to organize meetings with  
25       companies or people that they were hoping

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2           to do business with.

3           Q.           How often did you meet with  
4           representatives of Petrobras or Sete?

5           A.           Often.

6           Q.           Who in particular did you meet  
7           with?

8           A.           At Sete I would meet with the  
9           CEO on a regular basis.

10                   And then at Petrobras it was  
11           normally with the CFO.

12           Q.           Can you give us those names for  
13           the record.

14           A.           For Sete it was Ferraz, which I  
15           guess his full name is Joao Carlos Ferraz.

16                   And at the time, there have  
17           been several CFOs at Petrobras, but at the  
18           time I believe it was Omir Barbasa.

19           Q.           Ferraz was ultimately  
20           implicated in the corruption scandal  
21           revealed by Operation Car Wash, correct?

22           A.           That is correct.

23           Q.           Did you ever communicate with  
24           him after those revelations came out?

25           A.           I have not.

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2       full stop if you believe that there are  
3       participants in corruption.

4                   So, yes, there is no chance we  
5       would have proceeded.

6           Q.           What I was trying to get at was  
7       that you viewed aligning yourself with  
8       Petrobras as a hedge against corruption  
9       risk, is that correct?

10          A.           Correct.

11          Q.           And did you consider the  
12       possibility that if Petrobras was itself  
13       engaged in corruption, that wouldn't be a  
14       hedge against corruption risk?

15          A.           I did not think that that was a  
16       possibility; as I said, this is the gold  
17       standard company in Brazil, I believe it  
18       was the largest company, it was a source  
19       of national pride, it was a company that  
20       in our industry had a very good  
21       reputation, we had had some history with  
22       them through other investments.

23                   Prior to Lava Jato, Petrobras  
24       was widely respected in the energy  
25       industry around the world, this wasn't

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2       unique to us, and the fact that every  
3       major energy company in the world was  
4       going into Brazil to be in business with  
5       Petrobras also provided us comfort.

6                   So obviously Shell didn't think  
7       Petrobras was engaged in bribery, BP  
8       didn't think that, Exxon didn't think  
9       that, because they were all doing the  
10      exact same thing.

11                  And so I think to me it was not  
12      -- it was just not in my view at the time,  
13      was just not a possibility that Petrobras  
14      would do that.

15           Q.           But ultimately it turned out  
16      through Lava Jato or Car Wash that  
17      Petrobras was in fact engaged in bribery  
18      and corruption, right?

19           A.           That's correct.

20           Q.           Since that time has EIG done  
21      any business with Petrobras?

22           A.           Yes, we have existing  
23      businesses with them that didn't go away  
24      when this happened, both at Prumo  
25      Logistica and TBG, we continued to be in

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2   business with them.

3           Q.           Have there been any new  
4   investments in any Petrobras-related  
5   ventures since Lava Jato?

6           A.           There have not.

7           Q.           If an opportunity arose today  
8   to pursue an investment in Petrobras,  
9   would you decline to do so because of Lava  
10   Jato?

11          A.           Not necessarily, no.

12                   I think, again, big U.S.  
13   companies have had problems too; it  
14   doesn't mean that the entire company is  
15   rotten and that they're radioactive  
16   forever.

17                   The people that were involved  
18   hopefully have been brought to justice,  
19   the political patrons hopefully have been  
20   brought to justice, Petrobras is still the  
21   leading company in the Brazilian energy  
22   sector and, again, they have a reputation  
23   as a good energy company.

24                   Again, it is not just us; every  
25   major energy company in the world is

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2       active in Brazil in partnership with  
3       Petrobras.

4                   And so a lot of safeguards have  
5       been put in place by the judiciary in  
6       Brazil since Lava Jato and none of it is a  
7       guarantee, but, yes, Petrobras is still an  
8       important player in the Brazilian energy  
9       landscape.

10           Q.           Going back to the investment  
11       committee meetings related to the June  
12       2011 investment in Sete, do you recall any  
13       discussions of shipyards?

14           A.           Yes.

15           Q.           What do you recall?

16           A.           Again, the way we viewed this  
17       investment or I viewed this investment was  
18       as a structured financing.

19                   And so Sete itself in my view  
20       was not a real company, it was a financing  
21       conduit, and so in order for this  
22       transaction to happen all the pieces of  
23       the puzzle had to come together at the  
24       same time.

25                   And so you needed to have --

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2       the contracts with Petrobras were the key,  
3       that that was the source of the revenue,  
4       you had to have the ability to deliver the  
5       shipyards, you needed to have the  
6       financing, so the entire package had to  
7       come together at one time in order to make  
8       all this work.

9                   And the shipyards were a  
10      critical piece of this, because, again,  
11      without the rigs you couldn't service the  
12      contracts that supported the cash flow  
13      from Petrobras.

14           Q.           So what subject matters were  
15      discussed with respect to the shipyards?

16           A.           Primarily it was whether they  
17      were credible and were they capable of  
18      performing and that's where -- and,  
19      again, in our view, the local content  
20      requirement made this harder.

21                   Ideally these rigs would have  
22      been built in Korea and Singapore and in  
23      other, you know, the big yards around the  
24      world and then they would have been  
25      floated to Brazil.

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2 That wasn't possible because of  
3 the local content requirement and so to  
4 get comfort on the shipyard's ability to  
5 deliver, we really looked to the  
6 international partners, these were  
7 well-established names in the space and  
8 getting comfort that they were confident  
9 that they could deliver.

10 Q. Do you recall any discussion of  
11 corruption risk relating to shipyards?

12 A. I don't, no.

13 Again, these were -- we didn't  
14 really focus on the local guys; and the  
15 international guys, again, were the  
16 biggest players in the industry.

17 Q. And at the time of the June  
18 2011 investment committee meeting, you  
19 didn't know for sure which shipyards were  
20 going to get contracts from Sete, correct?

21 A. That's correct.

22 Q. You didn't know whether Keppel  
23 would ever get a contract from Sete,  
24 correct?

25 A. That's right, but, again, just

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2       to be clear, June 2011 is an investment  
3       committee approval, it is not an  
4       investment; the investment didn't happen  
5       for some time.

6           Q.           But as of June 2011, you were  
7       committed to make the investment, were you  
8       not?

9           A.           No, we were not; we had signed  
10      an equity commitment letter, we had not  
11      signed transaction documents.

12          Q.           When did you sign the  
13      transaction documents?

14          A.           I think it was July or August  
15      of 2012.

16          Q.           And what additional due  
17      diligence was done between June 2011 and  
18      when the actual contracts were signed in  
19      2012?

20          A.           Quite a bit; we were in regular  
21      contact with the management team at Sete,  
22      we were in regular contact with Petrobras,  
23      we were in regular dialogue with the other  
24      investors, the existing round 1 investors  
25      in Sete, we were monitoring the status of

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2       all of the contract awards.

3                   Again, all the pieces of the  
4       puzzle were conditioned on the other  
5       pieces and so we were looking at all of  
6       them waiting for them to come together.

7                   And, again, we weren't -- we  
8       had provided an equity commitment letter,  
9       we had not made an investment.

10       Q.           Was any additional due  
11       diligence done during that time period  
12       relating to corruption risk?

13       A.           I don't know, I don't know.  
14                   It certainly would have been a  
15       topic of -- I don't know, I'm  
16       speculating.

17       Q.           Was any additional due  
18       diligence done during that time period  
19       relating to Keppel?

20       A.           I know there were several  
21       visits to the shipyard and some  
22       discussions with them.

23                   I don't know the time frame in  
24       which that happened.

25       Q.           Was there any additional due

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2       correct.

3           Q.           If we turn to page 4, beginning  
4       on the bottom of page 4 and carrying over  
5       to page 5, that lays out the investment  
6       rationale for this increased investment in  
7       Sete, correct?

8           A.           Yes, it does.

9           Q.           And it's the same investment  
10      rationale as appeared in connection with  
11      the June investment committee meeting,  
12      correct?

13          A.           Appears to be, yes.

14          Q.           And so the rationale for the  
15      investment in both funds was the same --  
16      by both funds was the same, excuse me?

17          A.           I believe so.

18          Q.           If we pull up Exhibit 76, this  
19      is the meeting minutes for the September  
20      16th, 2011, investment committee meeting,  
21      correct?

22          A.           Yes.

23          Q.           This is obviously related to  
24      other investments as well, but this is  
25      documenting the approval of the increased

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2       investment in Sete, correct?

3                               (Witness perusing document.)

4           A.           Correct.

5           Q.           Do you recall approximately how  
6       long the discussion was in connection with  
7       Sete at this meeting?

8           A.           I don't.

9           Q.           Would it have been just a few  
10      minutes?

11          A.           I would have expected it to be  
12      longer than that.

13          Q.           Do you recall any specific  
14      issues or questions that were discussed at  
15      this meeting relating to the investment in  
16      Sete?

17          A.           I believe the focus of the  
18      discussion was on whether to involve more  
19      than one fund in the investment.

20          Q.           Can you elaborate on that?

21          A.           So in the period in time when  
22      we had first started exploring Sete as an  
23      investment, we had raised a new fund,  
24      which is Fund XV.

25                       And so while originally Sete

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2 was just targeted for Fund XIV, we now had  
3 a new pool of capital and were deciding  
4 whether to try to get an increased  
5 allocation in Sete and have the new fund  
6 invest alongside the existing fund.

7 Q. Why not just have Fund XIV  
8 increase its investment?

9 A. Because you're trying to manage  
10 the diversification criteria of each fund  
11 and so for each fund we try to be -- you  
12 know, have a diversified portfolio and so  
13 that would likely be the reason.

14 Q. Do you recall any discussion  
15 concerning bribery or corruption risk at  
16 this meeting?

17 A. I don't.

18 Q. Do you recall any discussion of  
19 specific shipyards at this meeting?

20 A. I don't.

21 Q. Do you recall any discussion of  
22 Keppel at this meeting?

23 A. No.

24 Q. As we established, so EIG began  
25 funding its equity commitments to Sete

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2           around August of 2012, correct?

3           A.           I am not sure when we funded,  
4           but that was when we actually entered into  
5           an investment.

6                   And so up until then it had  
7           just been commitment letters and we were  
8           not guaranteed any allocation in the  
9           equity.

10                   And so it was only in the  
11           summer of 2012 that an allocation was made  
12           and we made an actual investment and then  
13           I'm not sure of how quickly that funded.

14           Q.           The investment committees did  
15           not meet again to discuss the Sete  
16           investment between September of 2011 and  
17           August of 2012, correct?

18           A.           Not for a new approval.

19                   As I said, it meets every week  
20           and all of the investments that are in the  
21           pipeline will typically get some  
22           discussion and so the committee was  
23           informed along the way, people were  
24           wondering, you know, why hadn't Sete  
25           closed and so there was frequent

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2       discussion about that over that period of  
3       time.

4                   But, no, the committee, there  
5       was no need for the committee to come back  
6       and reconvene for an approval; there was  
7       nothing to approve.

8           Q.           And the committee did not need  
9       to approve the actual signing of the  
10      agreements in August of 2012 because of  
11      its prior approval of the investment,  
12      right?

13          A.           That's correct.

14          Q.           There was an investor  
15      conference that EIG held in 2011, do you  
16      recall that?

17          A.           I do.

18          Q.           What was the purpose of that  
19      conference?

20          A.           We're required under our fund  
21      documents to have an annual general  
22      meeting once a year for our investors and  
23      that's what that is.

24                   And so we typically hold it in  
25      the fall, we invite all of our investors

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2 around the world to attend and it's  
3 usually a full day and we'll review the  
4 existing portfolios and then we also like  
5 to have one or two thematic topics of  
6 relevance to our industry that we talk  
7 about.

8 Q. Were there any presentations or  
9 videos related to Sete at this conference?

10 A. I believe there was.

11 Q. What do you recall?

12 A. I believe what we wanted to do  
13 was use the proposed investment in Sete as  
14 a way to educate our clients about what  
15 was happening in Brazil.

16 And so different in time, but  
17 very similar to the white paper, was there  
18 is this really big thing happening in our  
19 industry and if we wanted to educate our  
20 clients about it and the contemplated  
21 investment in Sete was a way to do that.

22 Q. And there was a video shown  
23 relating to Sete, correct?

24 A. I believe there was, yes.

25 Q. What do you recall about the

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2 video?

3 A. We do these every year;  
4 typically we'll identify four or five  
5 either investments or proposed investments  
6 where we think it is interesting, it may  
7 be interesting because of, again, a big  
8 trend in the industry, it may be  
9 interesting because of a new technology or  
10 geography and so we'll identify a handful  
11 of investments every year and then there  
12 is a media firm that we use that goes and  
13 shoots footage.

14 And typically these videos are,  
15 you know, three or three-and-a-half  
16 minutes long.

17 Q. Sitting here today, do you  
18 think there was anything inaccurate in any  
19 of the presentations or videos related to  
20 Sete at that 2011 investors conference?

21 A. I'd have to go back and look at  
22 the material.

23 I know when prepared everything  
24 in it we believed to be true.

25 You know, whether or not we

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2 were mistaken about anything I don't know.

3 Q. Were individual shipyards  
4 discussed at that investor conference?

5 A. I believe there was footage  
6 included in that, so it was part of the  
7 video.

8 Q. And do you recall whether the  
9 specific shipyard was identified in the  
10 video?

11 A. I believe it was identified as  
12 Keppel.

13 Q. Do you recall any discussion  
14 relating to Keppel beyond simply them  
15 appearing in the video?

16 A. I don't; the context I think  
17 was to convey a sense that it wasn't just  
18 us saying that Brazil was a big deal, all  
19 the big boys were there and certainly that  
20 audience, our audience, in an energy  
21 crowd, everybody recognized the Keppel  
22 name and knew they were one of the leading  
23 players in the industry.

24 And so, again, the fact that  
25 the leading players in the industry, just

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2 like Shell and BP and Exxon, are involved  
3 give people comfort that it is not just us  
4 saying this is a big deal, these other  
5 companies view it as a big deal, too.

6 Q. Do you recall any discussion  
7 relating to bribery or corruption risk at  
8 that conference?

9 A. I do not.

10 Q. Sete incurred financing issues  
11 over the course of your relationship with  
12 Sete, correct?

13 MR. GOLDMAN: Object to form,  
14 but you can answer.

15 A. Well, it was a financing  
16 vehicle, so it's raise on DETRA (sic), in  
17 our view, was to enable financing, so,  
18 yes, it was constantly securing capital  
19 and refinancing capital; it was a  
20 securitization vehicle, in our view.

21 Q. And over time it encountered  
22 difficulties getting financing, didn't it?

23 A. It did.

24 Q. And it encountered difficulties  
25 getting financing prior to Lava Jato being

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2 disclosed, correct?

3 A. Nothing out of the ordinary, in  
4 my opinion.

5 The scale of the financing  
6 required was large, but the company had a  
7 lot of alternatives and so there was quite  
8 a bit of discussion about optimizing the  
9 financing and which form of financing was  
10 cheaper, but, you know, this was a high  
11 profile transaction in the market globally  
12 and they had demonstrated an ability to  
13 raise significant amounts of capital.

14 So, yeah, I never -- it wasn't  
15 generally a question of if they could  
16 raise financing, it was at what cost.

17 Q. EIG entered into a loan  
18 agreement with Sete in December of 2011,  
19 correct?

20 A. I believe that's correct, yes.

21 Q. For a hundred million dollars  
22 U.S.?

23 A. That sounds correct, yes.

24 Q. Why did that occur?

25 A. Again, we were in a very

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2 awkward period, we had signed equity  
3 commitment letters earlier in the year,  
4 but we had not been allocated any of the  
5 investment and so there was a struggle  
6 underway among the investor group, the  
7 existing investors and the new investors,  
8 around allocation.

9 And so we had hoped that it  
10 would be resolved before the end of 2011,  
11 it was not, and so the company came to us  
12 and asked us, they thought that it would  
13 enhance our standing among the other  
14 investors if we provided some short-term  
15 bridge financing until a final equity  
16 allocation was resolved and we reluctantly  
17 agreed to do that.

18 Q. Why reluctantly?

19 A. Because the rate of turn again  
20 was quite low on that bridge; we're not in  
21 the business generally of doing bridge  
22 loans, we're looking to make long-term  
23 investments.

24 But we did it in this case,  
25 again, because we were trying to enhance

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2       our ability in the allocation discussions  
3       that had not been finalized yet.

4           Q.           So you thought you would have a  
5       better shot at the allocations if you made  
6       the loan?

7           A.           Correct.

8           Q.           And was the hundred million  
9       dollar loan in fact made?

10          A.           I believe it was, yes.

11          Q.           And was it paid back?

12          A.           I believe it was.

13          Q.           When was it paid back?

14          A.           My recollection is that when  
15       the final allocations were made and the  
16       new equity commitments were brought into  
17       the company in the summer of 2012, that  
18       one of the use of proceeds from that  
19       capital call was to repay the bridge.

20                       And I think there was another  
21       investor, I think Luce had done a bridge  
22       as well, I am not certain.

23                       But that was part of the use of  
24       proceeds, I believe.

25          Q.           And I apologize, did you say

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2   when it was repaid, I missed that, I'm  
3   sorry?

4           A.           I think it was the summer of  
5   2012 from the proceeds of the equity --  
6   when the equity investment was finalized  
7   and capital was called, I think that was  
8   one of the use of proceeds.

9           Q.           And it was paid back with  
10  whatever interest was due?

11          A.           Yes, it was a nominal rate of  
12  interest.

13          Q.           And then in 2013 Sete again was  
14  seeking to raise additional capital,  
15  correct?

16          A.           I'm sure they were; again, they  
17  were always raising capital because that  
18  was their purpose.

19                   The total capital required for  
20  the 28-rig program was something on the  
21  order of 24, \$25 billion U.S..

22                   MR. BARBUR:   Let's mark another  
23  document, it is tab 10, Dave.

24          A.           What number is this?

25          Q.           I don't think it is up yet, it

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2 will have a new number when it comes up.

3 (Pause.)

4 MR. BARBUR: It is now up as  
5 Exhibit 106.

6 (Defendant's Exhibit 106,  
7 e-mail dated 12/6/13, from Niranjan  
8 Ravindran to Kevin Corrigan, was marked  
9 for identification, as of this date.)

10 Q. Take a moment to review this  
11 and I will ask you a few questions.

12 (Witness perusing document.)

13 A. Okay.

14 Q. Beginning at the bottom, the  
15 first e-mail in the chain, that's an  
16 e-mail to you and some others from Kevin  
17 Corrigan, correct?

18 A. That's correct.

19 Q. And he's talking about the need  
20 for additional capital, do you see that?

21 A. Yes.

22 Q. He is saying that Sete needs  
23 additional capital at this point in time,  
24 which is 2013, correct?

25 A. That's correct.

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2 Q. And he also says, "The existing  
3 shareholders are by and large unwilling to  
4 put in more," do you see that?

5 A. I do.

6 Q. Why was that?

7 A. They had already invested a lot  
8 of money; the issue here was the company  
9 had not closed the senior debt financing  
10 yet and so, again, the total financing  
11 plan for Sete was over \$24 billion, almost  
12 20 billion of which was debt, and the  
13 majority of that debt was coming from  
14 BNDES and that had not closed.

15 And so the delay in getting the  
16 debt financing was causing a liquidity  
17 constraint on the company and so they were  
18 looking at different alternatives on how  
19 to solve that.

20 One was to inject additional  
21 equity, the other apparently was to get  
22 financing from Credit Suisse.

23 But that was the context, it  
24 was short-term liquidity while they were  
25 trying to get the senior debt financing

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2 closed.

3 Q. As of 2013, Sete was behind in  
4 getting its anticipated debt financing  
5 from BNDES, correct?

6 A. Correct.

7 We had a commitment letter from  
8 BNDES, but it had not closed and funded.

9 Q. Why had not it closed and  
10 funded?

11 A. Partly because -- I don't  
12 recall all the particulars -- I know part  
13 of it was friction between BNDES and  
14 Petrobras around some of the conditions  
15 that BNDES wanted to put around Petrobras.

16 Again, Petrobras was the sole  
17 off-taker under the take or pay contracts,  
18 they were the sole source of revenue for  
19 the company, and BNDES wanted to put  
20 conditions on Petrobras that Petrobras was  
21 resisting and so that was a big reason for  
22 the delay in getting it completed.

23 Q. We then move up the chain,  
24 there is an e-mail from you to Kevin  
25 saying "I support buying at R 102 but not

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2 R 1.76," do you see that?

3 A. I do.

4 Q. What does that mean?

5 A. So among the investor group,  
6 the question for us was would we put in  
7 additional capital and my response was,  
8 yes, but it's basically at the right  
9 price.

10 And so what I found frustrating  
11 and annoying from some of the existing  
12 shareholders is they didn't want to put in  
13 the money themselves, but they wanted the  
14 people who did put the money in to pay a  
15 premium, which seemed ridiculous to me.

16 And so the debate was over at  
17 what valuation should the new money come  
18 in and I was indicating that I was not  
19 prepared to pay the premium.

20 Q. If we move further up the  
21 chain, and I understand you're not on  
22 these e-mails, but it says, Kevin writes,  
23 "Are you okay with the company taking on a  
24 500 million, 10.2 subordinated loan for  
25 seven years," do you see that?

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2 A. I do.

3 Q. It says, "Aldo is quite aghast  
4 at that," do you see that?

5 A. I do.

6 Q. Do you understand what that  
7 relates to?

8 A. I believe Aldo thought the cost  
9 of that financing was too high and I think  
10 his preference was that the money should  
11 come in as additional equity.

12 Q. One of the possibilities being  
13 explored at this time was having EIG or  
14 other equity investors make a loan to  
15 Sete, is that correct?

16 A. I don't recall a loan in this  
17 time period.

18 Once we became an equity  
19 investor, I know we considered and  
20 discussed with the company the possibility  
21 of putting in additional equity, but I  
22 don't recall us leading a debt financing.

23 Q. I wasn't asking whether you led  
24 a debt financing.

25 I'm asking whether EIG had

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2 asked -- excuse me.

3 I'm asking whether Sete had  
4 asked EIG if it would be willing to make a  
5 loan.

6 A. Oh; I don't know.

7 Q. Let's turn to what has  
8 previously been marked as Exhibit 96, we  
9 will put that on Exhibit Share.

10 (Pause.)

11 Q. I think Exhibit 96 is now up on  
12 Exhibit Share, if you can pull it up.

13 A. I have it.

14 Q. This is an e-mail chain  
15 involving you and Mr. Corrigan and others,  
16 correct?

17 A. Yes, it is.

18 Q. The beginning e-mail from  
19 Mr. Corrigan concerns a board meeting of  
20 Sete that he attended, correct?

21 A. It does.

22 Q. Did you attend Sete board  
23 meetings?

24 A. A few.

25 Q. When you did not, Mr. Corrigan

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2       was your proxy, is that correct?

3           A.           Yeah, so when we first made the  
4       investment, I was our board designee and  
5       Kevin was my alternate, but I pretty  
6       quickly stopped going to meetings, the  
7       meetings were conducted entirely in  
8       Portuguese and I don't speak Portuguese.

9                   So I am not sure exactly when,  
10      but at some point for a period of time  
11      Kevin attended as my alternate and then at  
12      some point in time we cleaned that up and  
13      I just came off the board.

14                  But I did attend the first  
15      couple of meetings.

16      Q.           In this report, now on the  
17      second page of this e-mail chain, Mr.  
18      Corrigan writes, "A bomb was coming; a  
19      highlight or low point of the meeting was  
20      a two-hour or so presentation by Carneiro  
21      that painted a pretty dire picture of Sete  
22      Brazil, clearly establishing a bleak  
23      contrast with the generally upbeat status  
24      reports we had received under the old  
25      regime."

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2 Do you see that?

3 A. I do.

4 Q. Do you believe that's a correct  
5 statement as to what Sete presented at  
6 this board meeting?

7 MR. GOLDMAN: Object to form.

8 A. I have no reason to doubt it.

9 Q. Did you view that there was a  
10 pretty dire picture at Sete Brazil at this  
11 time?

12 A. No.

13 Q. Why?

14 A. I knew that Ferraz had been  
15 replaced, which was Petrobras's right  
16 under the shareholders agreement, that had  
17 caused a lot of consternation in the  
18 shareholder group.

19 The new person appointed was  
20 this Carniero and he was a Petrobras  
21 person.

22 There is no doubt but that  
23 things were behind schedule, but the  
24 underlying contractual framework of the  
25 transaction was unchanged and so the fact

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2 that there were delays and cost overruns  
3 on a project of this scale didn't surprise  
4 me at all.

5 In my experience, it's very  
6 rare the big projects that don't have  
7 delays and overruns.

8 And so, yes, I was disappointed  
9 that it was behind schedule, but I didn't  
10 view it dire at all and I don't think,  
11 it's interesting, while I think Kevin used  
12 a little bit of hyperbole, when you look  
13 at the financial analysis at the bottom of  
14 his e-mail, it's not that dire.

15 Q. So your testimony is that,  
16 although Sete painted a dire picture, you  
17 thought that Sete was wrong?

18 MR. GOLDMAN: Object to form.

19 A. No, I'm responding to an e-mail  
20 from Kevin, I wasn't there, I don't know  
21 what Sete -- how they presented it and  
22 whether they presented it as dire or not.

23 This is Kevin's recounting of  
24 the meeting and our view was there was  
25 clearly an element that Petrobras was,

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2 because shareholders were so unhappy, they  
3 were trying to justify why they fired  
4 Ferraz and so having a negative outlook  
5 certainly fit their interest.

6 So all of that -- again, I  
7 don't have any reason to believe that's  
8 not accurate, I believe Kevin's summary is  
9 accurate.

10 But in terms of what does it  
11 actually mean in terms of the projected  
12 return on our investment, when you look at  
13 that in the bottom of that same e-mail,  
14 the impact was negative but not that  
15 significant.

16 Q. So you don't doubt that  
17 Mr. Corrigan was accurately describing  
18 that Carneiro had painted a pretty dire  
19 picture of Sete Brazil, correct?

20 A. I have no reason to doubt that,  
21 no.

22 Q. But your belief is that  
23 Carneiro painted a pretty dire picture to  
24 his own investors and that the investors  
25 had a rosier picture of Sete Brazil than

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2 Carneiro had, is that your testimony?

3 A. No; again, Carneiro was a  
4 Petrobras person and so everyone viewed --  
5 everyone -- I viewed him as he was a  
6 mid-level Petrobras person put in here to  
7 protect Petrobras's interest.

8 And, again, there is an  
9 elaborate contractual framework where our  
10 only client is Petrobras and so Petrobras  
11 was looking out for Petrobras's interests.

12 And so I thought that, my  
13 intuition was that Carneiro was incented  
14 to paint a more negative picture than was  
15 probably reality.

16 But even accounting for what he  
17 said, the financial impact was modest.

18 Q. I believe you said something  
19 about your only agreement or contact was  
20 with Petrobras, I don't have the exact  
21 testimony, but just so we're clear, you  
22 didn't have any agreement, a binding  
23 agreement, with Petrobras concerning any  
24 aspect of your Sete investment, did you?

25 A. I am not sure I understand.

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2 Petrobras, every material  
3 contract almost without exception in this  
4 company involved Petrobras.

5 Q. I'm talking about EIG's  
6 agreements with respect --

7 A. No, there was no side deal  
8 between us and Petrobras.

9 Q. Petrobras had no obligation to  
10 bail out EIG if something went south in  
11 Sete, did it?

12 A. No.

13 MR. GOLDMAN: Peter, if you  
14 find that, let us know.

15 Q. At the bottom of the second  
16 page here, again, in Mr. Corrigan's  
17 e-mail, he says, "The company will now  
18 begin looking for R 3 billion of new  
19 equity needed to complete the project and  
20 no one believes they will be able to go to  
21 market."

22 Do you see that?

23 A. I do.

24 Q. What do you understand that to  
25 mean?

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2           A.           Well, again, the long-term debt  
3   financing with BNDES had not closed yet,  
4   that the consequence of that delay was  
5   that the company had short-term liquidity  
6   challenges and they were looking for  
7   alternatives as to how they plugged the  
8   hole until that senior financing comes  
9   into place.

10                   And so that hole they estimate  
11   to be 3 billion reais and they're  
12   exploring where does that come from.

13          Q.           What Mr. Corrigan is saying is  
14   no one believes Sete can go to market to  
15   raise that 3 billion, right?

16          A.           Yes, but the next sentence they  
17   say they want to hire a bank to bring in  
18   new investors, so I don't know exactly how  
19   those two sentences square.

20          Q.           If they don't get the 3  
21   billion, then Sete is in real trouble,  
22   isn't it?

23          A.           Certainly Sete needed to  
24   continually -- well, again, Sete needed  
25   to get the debt financing in place.

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2                   There's no doubt that there was  
3 going to be liquidity, in my mind, that  
4 there was going to be short-term liquidity  
5 put into the company.

6                   Again, 3 billion reais in U.S.  
7 dollar terms is not a huge number, and so  
8 that capital was going to be coming to the  
9 company, it was always a question of who  
10 provides it and at what cost and if push  
11 came to shove we were supportive of the  
12 equity sponsors doing it and we would  
13 provide our share.

14                  The question then just became  
15 at what valuation and that's where there  
16 were disputes among the shareholders.

17                  Again, I was never concerned  
18 that this company was going to be, you  
19 know, was going to be bankrupt, but it was  
20 constantly exploring financing  
21 alternatives.

22                  MR. BARBUR:   Let's mark another  
23 document, tab 13, Dave.

24                  (Pause.)

25                  Q.            You should now have it up as

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2       Exhibit 106.

3                               (Defendant's Exhibit 107,  
4       investment committee agenda, was marked  
5       for identification, as of this date.)

6           Q.           Do you see that?

7           A.           Yes, I do.

8           Q.           Can you describe what this is.

9           A.           Looks like an investment  
10       committee agenda --

11                               (Discussion off the record.)

12          Q.           What we're looking at should  
13       actually be 107.

14                               This is, as I think you said,  
15       an agenda for an investment committee  
16       meeting in September of 2014, correct?

17          A.           That's correct.

18          Q.           Do you remember who attended  
19       this meeting?

20          A.           I don't.

21          Q.           Do you remember if you attended  
22       this meeting?

23          A.           I believe I did.

24          Q.           There was a discussion of Sete  
25       at this meeting, correct?

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2           A.           That's correct.

3           Q.           What was the purpose of having  
4 a discussion of Sete at this meeting?

5           A.           I'm just looking at the  
6 materials.

7                   (Witness perusing document.)

8           A.           It appears to be a discussion  
9 about the short-term liquidity issues at  
10 the company and whether that would get  
11 solved through equity.

12          Q.           Turn to the back of the  
13 document, there is what appears to be a  
14 PowerPoint presentation that begins with  
15 production number ending in 677, do you  
16 see that?

17          A.           I do.

18          Q.           This is a presentation that  
19 would have been made at this investment  
20 committee meeting, correct?

21          A.           I believe so.

22          Q.           If you turn to the second page,  
23 it says out of the nine drillships for  
24 batch 1, four are considerably behind  
25 schedule, do you see that?

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2 A. I do.

3 Q. Was that a problem?

4 A. Yes, but two things I would  
5 point to.

6 First, the bullet right above  
7 that, overall construction progress was  
8 only modestly down from target and, again,  
9 my experience working on projects like  
10 this is that most are behind schedule and  
11 over budget.

12 Q. Under cash flow and long-term  
13 financing, it refers to both BNDES and  
14 Finisa LT, do you see that?

15 A. I do.

16 Q. What is Finisa LT?

17 A. I don't know.

18 Q. Is it some other bank or other  
19 financing organization?

20 A. I assume so.

21 Q. At this point BNDES was still  
22 behind in providing its debt financing to  
23 Sete, correct?

24 A. That's correct.

25 Q. And Sete was seeking to raise

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2 additional money in light of that  
3 shortfall in the debt financing, correct?

4 A. Correct.

5 According to this, we were  
6 expecting it to fund later, in the next  
7 couple of months, and so they needed stop  
8 gap funding to tide them over.

9 Q. If you turn to what is page 4  
10 of this PowerPoint presentation, it talks  
11 about capital call requests, do you see  
12 that?

13 A. I do.

14 Q. And they were intending to call  
15 \$88 million in capital from EIG to fund  
16 Sete in light of the fact that BNDES was  
17 behind, correct?

18 A. That's correct.

19 Q. Were you happy about that?

20 A. I would have preferred that the  
21 senior debt financing had already been  
22 completed, but it was our expectation that  
23 all of the capital that we had committed  
24 to the company would get drawn at some  
25 point and so this was just bringing

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2 forward what was going to happen, anyway.

3 But, yes, from a financial  
4 perspective, it was clearly better for us  
5 that the debt come in first.

6 Q. Do you recall any specific  
7 discussion relating to Sete at this  
8 meeting beyond what we see in this  
9 presentation?

10 A. I do not.

11 Q. And EIG ultimately approved  
12 this additional 88 million, correct?

13 A. Well, I think specifically,  
14 just based on this document, the reason --  
15 normally satisfying a capital call is not  
16 something that would come to committee for  
17 approval, that's not an approval item.

18 What this appears to be is that  
19 they were looking to get a waiver of the  
20 notice period required to make that  
21 capital call and so the investment  
22 committee approval would have been to  
23 grant that waiver.

24 And so that's what this appears  
25 to be.

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2 Q. And was the waiver approved?

3 A. I believe so.

4 Q. Are you aware of what happened  
5 to oil prices in 2014?

6 A. Generally, yes.

7 Q. What happened?

8 A. Well, not dissimilar from most  
9 years, they were volatile and so they were  
10 high at the beginning of the year and low  
11 at the end of the year, similar to this  
12 year.

13 Q. So by the time of this meeting  
14 in September of 2014, oil prices had  
15 decreased, correct?

16 A. Correct, but that was a  
17 nonissue for us.

18 Again, Sete didn't own any oil,  
19 Sete didn't sell any oil, the contract  
20 wasn't tied to oil, Sete had a take or pay  
21 contract, and so the risk on oil prices  
22 was a Petrobras risk, not a Sete risk, not  
23 an EIG risk, and so we weren't tracking  
24 oil prices and worried about whether it  
25 was up or down at any point in time.

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2                   This was an infrastructure  
3 investment with a take or pay contract.

4           Q.           Were you concerned that the  
5 climbing oil prices might make Petrobras  
6 reconsider its drill rig strategy?

7           A.           Well, I suspect it would cause  
8 them to reconsider their drill rig  
9 strategy, but it would not cause them to  
10 default on their contracts.

11                   And so in terms of what the  
12 future program looked like, I am confident  
13 it would influence their thinking.

14                   But, again, Petrobras was and  
15 is a highly-respected name in our industry  
16 and not known for defaulting on contracts.

17           Q.           Did Petrobras ever default on  
18 its contracts with Sete?

19           A.           That's an interesting question,  
20 I don't know, I don't know.

21                   You know, once Sete went into  
22 judicial recovery, I think Petrobras used  
23 that as an excuse to try to get out of  
24 contracts that they didn't like anymore  
25 and whether or not that was legal or

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2 appropriate I don't know.

3 Q. I want to go back to the  
4 subject of capital calls that we touched  
5 on before and I think you testified that  
6 investment committee approval was not  
7 required for a capital call if the  
8 investment had already been approved,  
9 right?

10 A. That's correct.

11 Q. And so you alone could approve  
12 a capital call without going back to the  
13 committee?

14 A. I could, but it wouldn't even  
15 come to me.

16 And so it would be handled  
17 entirely by the deal team and our  
18 accounting team, we handle capital calls  
19 every day and they don't rise to senior  
20 leadership.

21 MR. BARBUR: Let's mark another  
22 document, it is tab 15, Dave.

23 I think this one is correctly  
24 labeled as Exhibit 108 and it is now up in  
25 Exhibit Share.

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2 A. Currency conversion.

3 Q. Was any approval required for  
4 the capital call?

5 A. Not to my knowledge.

6 Again, capital calls are  
7 routine events, that's what we do for a  
8 living, make investment commitments to  
9 companies like this and we process capital  
10 calls every day of the week and it's very  
11 rare that one would be brought to my  
12 attention.

13 Q. This e-mail chain is taking  
14 place in December of 2014, do you see  
15 that?

16 A. I do.

17 Q. By that time the bribery  
18 scandal involving Petrobras had already  
19 been made public, had it not?

20 A. I don't recall the exact time  
21 frame, but my recollection is that the  
22 Barusco testimony about Lava Jato became  
23 public in late 2014 and the connection to  
24 Petrobras and Sete happened in early 2015,  
25 but I could be mistaken about that.

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2           Q.           Let's take a look at another  
3 document to refresh your recollection,  
4 it's tab 14, this is now Exhibit 109.

5                   (Defendant's Exhibit 109,  
6 e-mail chain, was marked for  
7 identification, as of this date.)

8           Q.           It is an e-mail chain, I'm  
9 going to refer you to the last page, which  
10 is I think the first and second e-mails in  
11 the chain.

12                   Do you see an e-mail there to a  
13 Derek Lemke?

14          A.           I do.

15          Q.           Who is Derek Lemke?

16          A.           He is a former employee of EIG  
17 who is retired.

18          Q.           And he is sending this to Jose  
19 Magela Bernardes, Marcel Abe and Ronnie  
20 Hawkins, do you see that?

21          A.           I do.

22          Q.           Those are senior executives at  
23 EIG?

24          A.           None of them are currently at  
25 EIG, but two of the three were senior --

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2       were managing directors, Marcel was more  
3       junior.

4           Q.           Derek is saying he received an  
5       inquiry from New Holland; New Holland was  
6       one of your investors?

7           A.           Correct.

8           Q.           "About the impact of the  
9       bribery scandal at Petrobras on our  
10      investments and portfolio companies," do  
11      you see that?

12          A.           I do.

13          Q.           Does this refresh your  
14      recollection that EIG was aware of the  
15      bribery scandal at Petrobras in November  
16      of 2014?

17          A.           Well, I am not on these  
18      e-mails, so it doesn't refresh my  
19      recollection.

20                      I agree that that's what the  
21      e-mail says.

22          Q.           Do you have any reason to doubt  
23      that EIG was aware of the bribery scandal  
24      involving Petrobras in November of 2014?

25          A.           I do not; as I said, I knew it

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2       all happened in the fourth quarter of  
3       2014, when this started to come to light.

4           Q.           Let's go back to Exhibit 108,  
5       which had to do with the FX trade to  
6       support the capital call.

7                   Did you or anyone else at EIG  
8       consider at this point in time not making  
9       the capital call in light of the bribery  
10      scandal?

11          A.           Again, I don't recall what  
12      discussions happened then.

13                   My recollection is at this  
14      point in time Sete had not been implicated  
15      and so we didn't know the extent of what  
16      was going on.

17          Q.           Petrobras was implicated, and,  
18      as you've said, you viewed Petrobras as  
19      the real counterparty here, correct?

20          A.           They were the most important  
21      player in the transaction, absolutely.

22          Q.           And they're now involved in a  
23      bribery scandal and yet EIG is continuing  
24      to pay its capital calls, correct?

25          A.           Well, again, our capital call

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2           is not to Petrobras, it's to Sete.

3                   And so at this point in time  
4           the link to Sete had not been made and so,  
5           you know, that's like saying that, you  
6           know, Exxon has a project in Nigeria that  
7           has an FCPA violation, it doesn't excuse  
8           performance of somebody in Alaska.

9           Q.           Did you do anything after the  
10          bribery scandal was revealed as to both  
11          Petrobras and Sete to explore your ability  
12          to refuse to make capital contributions  
13          going forward?

14                   MR. GOLDMAN:   I just want to  
15          caution you not to disclose any  
16          communications you had with counsel on  
17          this subject.

18                   With that, you can answer the  
19          question.

20          A.           Just to be clear, you're asking  
21          about the period after Sete was  
22          implicated?

23          Q.           What's your recollection of  
24          when Sete was implicated?

25          A.           In the first quarter of 2015.

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2 Q. And as of that time, did EIG do  
3 anything to reexamine its requirement to  
4 make capital call contributions in light  
5 of Sete's involvement in the bribery  
6 scandal?

7 A. I had discussions with counsel.

8 Q. Which counsel?

9 A. General counsel.

10 Q. Who was that?

11 A. At the time it was Robert  
12 Vitale.

13 MR. BARBUR: Counsel, is EIG  
14 taking the position that it was legally  
15 obligated to make these capital calls?

16 Q. I'm not offering --

17 MR. BARBUR: I'm asking  
18 Mr. Goldman.

19 MR. GOLDMAN: I am not being  
20 deposed here --

21 MR. BARBUR: I am just trying  
22 to understand whether this claim of  
23 privilege for these conversations can be  
24 sustained if EIG is going to take the  
25 position that in fact it was obligated.

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2                   MR. GOLDMAN:   Again, if you can  
3   answer that without regards to advice from  
4   counsel, go ahead.

5           A.           It was unclear to me, which is  
6   why I enlisted input from counsel.

7                   And I'm confident that our  
8   general counsel consulted with local  
9   counsel on this point.

10                  At the end of the day the  
11   amount of capital that was funded was de  
12   minimis from that period forward and that  
13   was my business decision.

14                  MR. BARBUR:   I want to mark as  
15   the next exhibit the First Amended  
16   Complaint that was filed in this lawsuit.

17                  (Defendant's Exhibit 110, First  
18   Amended Complaint, was marked for  
19   identification, as of this date.)

20           Q.           Have you seen this before?  
21                          (Witness perusing document.)

22           A.           I believe so.

23           Q.           Did you have any role in  
24   drafting this document?

25           A.           I didn't draft any of it, but I

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2       did read it before we filed it.

3           Q.           And you thought it was accurate  
4       at the time?

5           A.           I don't have a specific  
6       recollection, but I'm sure I did.

7           Q.           If you can turn to paragraph 76  
8       on page 24, and if you carry over to page  
9       25, there is a listing there of amounts,  
10      do you see that?

11          A.           One second, please.  
12                       (Witness perusing document.)

13          A.           Yes.

14          Q.           What do you understand these  
15      amounts to represent?

16          A.           It appears to be a record of  
17      wire transfers in connection with fundings  
18      on this investment.

19          Q.           Is this all of the wire  
20      transfers that were made in connection  
21      with capital calls?

22          A.           As I said a minute ago, I  
23      believe there were one or two de minimis  
24      amounts that were funded after this time  
25      period and those were funded to pay for

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2       the advisors to put the company into  
3       bankruptcy.

4           Q.           And so why are those amounts  
5       not included here?

6           A.           I can't speak to that.

7           Q.           Your understanding is there  
8       were additional de minimis amounts wired  
9       to Sete that are not reflected here,  
10      correct?

11          A.           The company -- correct -- the  
12      company continued to make capital calls  
13      through I think 2018 or 2019, maybe 2018.

14                   I think the total is about a  
15      hundred thousand dollars to our share.

16                   But, again, my recollection is  
17      that they were expenses associated with  
18      getting the company into judicial  
19      recovery.

20          Q.           I am going to show you another  
21      document, tab 16, that should be up as  
22      Exhibit 111.

23                   (Defendant's Exhibit 111,  
24      request to approve a currency conversion  
25      in connection with a capital call by Sete,

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2       was marked for identification, as of this  
3       date.)

4           A.           I have it.

5           Q.           This is another request for you  
6       to approve a currency conversion in  
7       connection with a capital call by Sete,  
8       correct?

9           A.           That's correct.

10          Q.           And you approved it, correct?

11          A.           Correct.

12          Q.           And the capital call was in  
13       fact made and paid, excuse me?

14          A.           I believe so, yes.

15          Q.           And that's the last of those  
16       amounts that we saw in the list in the  
17       complaint, correct?

18          A.           That's correct.

19          Q.           What did EIG do around this  
20       time to investigate whether Sete or  
21       Petrobras were involved in paying bribes?

22          A.           Well, I think we -- public  
23       press reports implicated Petrobras.

24                       I know the deal team was  
25       providing information, you know, again,

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2       just based on what was in local press and  
3       their discussions with local contacts, I  
4       know that our general counsel was tasked  
5       with talking to local counsel.

6                   But like everybody, I think we  
7       were waiting to find out what was in the  
8       Barusco testimony.

9           Q.       Do you think it was possible  
10      that Petrobras was involved in a bribery  
11      scandal relating to Sete and people at  
12      Sete had nothing to do with it?

13                   MR. GOLDMAN:   Object to form.

14      A.        Again, that wasn't the fact  
15      pattern.

16                   The fact pattern was  
17      determining whether or not Sete was  
18      involved in the bribery scandal, that had  
19      not been established until a month or two  
20      after this.

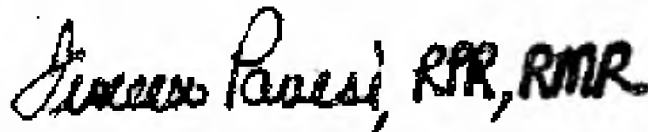
21                   Again, Petrobras had been  
22      mentioned publicly, none of the testimony  
23      was public at that point in time, and Sete  
24      had not been mentioned, to my knowledge.

25      Q.        What, if anything, did EIG do

C E R T I F I C A T I O N

I, Jineen Pavesi, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter and a Notary Public, do hereby certify that the foregoing witness, ROBERT BLAIR THOMAS, was duly sworn on the date indicated, and that the foregoing is a true and accurate transcription of my stenographic notes.

I further certify that I am not employed by nor related to any party to this action.

A handwritten signature in black ink that reads "Jineen Pavesi, RPR, RMR". The signature is written in a cursive, flowing style.

JINEEN PAVESI, RPR, RMR, CRR